

American-Standard

AR53

March 6, 1970

Dear Shareholder:

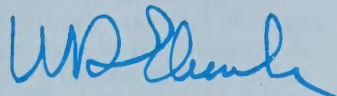
We hope very much you will be able to attend the 1970 annual meeting of American-Standard stockholders. This meeting will be held Thursday, April 9, 1970 at 2:00 p.m., in the Colonnades Room of the Essex House Hotel, 160 Central Park South, New York, New York.

Management will present a full report on current operations and there will be ample opportunity for discussion of the Company and its activities. We will also consider the items of business set forth in the attached formal notice of the meeting and proxy statement. Our 1969 annual report, which has already been mailed to you, gives additional background material for the meeting.

If you find you are unable to attend in person, we sincerely urge you to participate in the meeting by voting your stock by proxy. You can do so conveniently by filling out and returning the enclosed proxy card.

We appreciate the opportunity of working with you and sharing in the continued progress of American-Standard.

Sincerely,



W. D. Eberle

President

American-Standard

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To the Stockholders of

AMERICAN STANDARD INC.

The Annual Meeting of stockholders of the Company will be held in the Colonnades Room of the Essex House Hotel, 160 Central Park South, New York, N. Y. on Thursday April 9, 1970, at 2:00 P.M. for the following purposes:

1. To elect sixteen Directors;
2. To consider and act on a proposal that the employment of Arthur Young & Company as independent Certified Public Accountants be continued for the year 1970;
3. To consider and act on a proposal to amend ARTICLE FOURTH of the Company's Certificate of Incorporation so as to increase the authorized shares of Common Stock from 20,000,000 to 30,000,000 shares;
4. To consider and act on a proposal to amend the Certificate of Designation creating the \$4.75 Cumulative Convertible Preference Stock, Series A so as to permit the designation of up to 900,000 additional shares in such series;
5. To consider and act on a proposal to amend the Stock Option Plan;
6. To consider and act on a proposal of certain stockholders set forth in the Proxy Statement concerning cumulative voting;
7. To consider and act on a proposal of certain stockholders set forth in the Proxy Statement regarding new stock option plans; and
8. To transact such other business as may properly come before the meeting.

Stockholders of record of common and preference stock as of the close of business on February 19, 1970 only are entitled to notice of, and to vote at, the meeting. A complete list of such stockholders will be open to the examination of any stockholder during ordinary business hours for a period of ten days prior to the meeting at the stock transfer office of the Company, 40 West 40th Street, New York, N. Y.

In order to assure a quorum, it is important that stockholders who do not expect to attend the meeting fill in, date and sign the enclosed proxy and promptly return it in the enclosed envelope, to which no postage need be affixed if mailed in the United States.

By order of the Board of Directors,

DAVID A. DE WAHL
Secretary

New York, N.Y., March 6, 1970

PROXY STATEMENT

This statement is furnished in connection with the solicitation of proxies by the Management of AMERICAN STANDARD INC. (the "Company"), a Delaware corporation, for use at the Annual Meeting of stockholders of the Company to be held on April 9, 1970 and at any adjournments thereof.

Holders of the Company's common stock and \$4.75 Cumulative Convertible Preference Stock, Series A ("Series A Preference Stock") are entitled to one vote per share on the matters to be considered at this annual meeting. Only shareholders of record at the close of business on February 19, 1970, will be entitled to vote. At such time there were outstanding 12,439,673 shares of common stock and 2,080,515 shares of Series A Preference Stock entitled to vote.

The enclosed form of proxy may be revoked as to any proposal at any time prior to the balloting on such proposal. The shares represented by all properly executed proxies received in time for the meeting will be voted in accordance with the stockholder's choice, or if no choice is indicated, the shares will be voted in accordance with the recommendations of Management. Stockholders may strike out the names of proxy agents designated by Management on the proxy form and substitute the name of any other person whom they wish to represent them at the meeting.

The financial statements for the year 1969 contained in the 1969 Annual Report of the Company, which has previously been sent to all shareholders, are hereby incorporated by reference. An additional copy of such Report will be mailed to any shareholder upon request.

The Company bears the cost of this solicitation. Proxies may be solicited by mail, telephone or telegraph or personally by Directors, officers and regular employees of the Company. The Company will reimburse persons holding stock in their names or in the names of their nominees for expenses of forwarding proxy material to their principals. Georgeson & Co., New York City, has been retained to assist in the solicitation of proxies for a fee of \$6,000 including expenses.

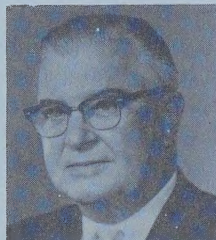
1. ELECTION OF DIRECTORS

At the Annual Meeting, Directors are to be elected to serve for the ensuing year and until their successors shall have been elected and shall have qualified.

Subject to specific direction of any stockholder, the proxy holders named in the enclosed proxy form intend to vote for election of the nominees listed below. In the unexpected event that any nominee is unable to serve as a Director, the proxy holders reserve the right to vote for a substitute nominee designated by the Board of Directors.

PAUL M. AUGENSTEIN
1962

Executive Vice President, American-Standard



Mr. Augenstein, a graduate of Hiram College, joined the General Electric Company in 1935. After holding many executive positions in the major appliance and air conditioning businesses until 1958, he became president of the Airtemp Division of Chrysler Corporation. In 1961 he joined the company as Executive Vice President. He is a member of the advisory board of Chemical Bank, a Trustee of the National Housing Center, a member of the ASHRAE Society, a member of the Board of the American National Standards Institute, a Director of the U. S. Chamber of Commerce and the President of the Air Conditioning and Refrigeration Institute.

7,846 CS

E. NEWTON CUTLER, JR.
1961

Senior Vice President, First National City Bank



Mr. Cutler, a graduate of Princeton, has spent his entire business career with First National City Bank. He was Vice President from 1950 to 1958 when he was elected Senior Vice President. His other directorships include Trust Company National Bank, Morristown, New Jersey and Consumers Power Company.

500 CS

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W. D. EBERLE
1966

President, American-Standard



Mr. Eberle joined the Company as President in September 1966 and became chief executive officer the following year. He was Vice President of Boise Cascade Corporation from 1962 to 1966. He was educated at Stanford University and holds M.B.A. and LL.B. degrees from Harvard University. He is a Director of the Atlantic Group of Insurance Companies, PPG Industries Inc. and Hewlett-Packard Company. He is also co-chairman of The National Urban Coalition and a Trustee of the African American Institute and of the Committee for Economic Development.

39,069 CS

* "CS" refers to Company's Common Stock.

"Pref A" refers to Company's Series A Preference Stock.

** Mr. Cutler disclaims any beneficial interest in another 1010 shares held in a testamentary trust in which he has a residual interest.

JOSEPH A. GRAZIER
1952



Formerly Chairman of the Board, American-Standard

Mr. Grazier graduated from Lafayette College and received his law degree from the University of Pennsylvania. After joining the Company in 1937, he served as Secretary, Vice President, President and Chairman of the Board, from which position he retired late in 1968. He continues as Director and is now a consultant to the Company. He is also a Director of Bristol-Myers Company, Johns-Manville Corp., National Cash Register Co., and Atlantic Richfield Company, and is Trustee of the National Industrial Conference Board and of Lafayette College.

19,000 CS

JOHN C. GRISWOLD
1962



Partner, Eastman Dillon, Union Securities & Co.

Mr. Griswold was educated at Millikin University and holds an LL.D. from that institution. He was associated with several insurance firms from 1922 until 1945 when he founded his own firm, Griswold & Co. From 1949 to 1964 he was an officer of W. R. Grace & Co. Since 1964, he has been a general partner of Eastman Dillon, Union Securities & Co. Mr. Griswold is a Director of, among others, W. R. Grace & Co., Metromedia, Inc., Michigan Gas Utilities Co., and Alexander S. Onassis Corp.

1,000 CS

EDWARD J. HANLEY
1968



*Chairman of the Board,
Allegheny Ludlum Steel Corporation*

Mr. Hanley is a graduate of Massachusetts Institute of Technology and of the Harvard Graduate School of Business. Associated with Allegheny Ludlum Steel Corporation since 1936, Mr. Hanley served as President from 1951 to 1967, and as Chairman from 1962 until the present. His other directorships include the Bell Telephone Company of Pennsylvania, Duquesne Light Company, Mine Safety Appliances Company, Penn Central Company, National Lead Company and Titanium Metals Corporation of America.

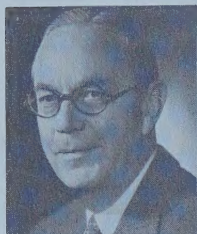
100 CS
50 Pref A
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* "CS" refers to Company's Common Stock.

"Pref A" refers to Company's Series A Preference Stock.

** Mr. Hanley disclaims any beneficial interest in another 50 shares of Series A Preference Stock held by his wife.

JOHN M. KINGSLEY
1966



*Chairman of the Executive Committee,
Bessemer Securities Corporation*

Mr. Kingsley, a Yale graduate, Class of 1925, received an MBA degree from Harvard University in 1928. He has been associated with Bessemer Securities Corporation and its affiliates since 1938 and served as President of Bessemer Securities Corporation for 15 years until his appointment to his present position in 1970. He is also a Director and Member of the Executive Committee of American Smelting and Refining Company and a Director of International Paper Company, American Natural Gas Company, Scudder Special Fund, Scudder Duo-Vest Inc. and Scudder Duo-Vest Exchange Fund, Inc.

1,000 CS

GEORGE P. MacNICHOL, JR.
1959

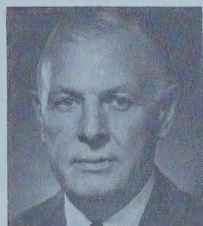


Director, Libbey-Owens-Ford Company

Mr. MacNichol attended the University of Michigan and Yale College. He has been associated with Libbey-Owens-Ford Company since 1920, serving as President from 1953 to 1963 and as Chairman and chief executive officer from 1963 to 1964. His other directorships include Columbia Gas System, Johns-Manville Corp., Ohio Fuel Gas Co., Columbia Gas of Ohio, Ohio Valley Gas Company, Toledo Trust Company and Wyandotte Chemicals Corporation.

100 CS

A. KING McCORD
1968



*Formerly Chairman, Westinghouse Air Brake Company
(a subsidiary of American-Standard)*

Mr. McCord is a graduate of Beloit College and attended Harvard and the University of Chicago law schools and holds an honorary LL.D. degree from Thiel College. After heading the Oliver Corporation, Mr. McCord joined Westinghouse Air Brake Company in 1956 as President, remaining as such until 1966. He also served as its Chairman from 1965 to April 1969. Following the merger of Westinghouse Air Brake Company with American-Standard in June 1968, he became a Director of American-Standard and since April 1969 he has also been a consultant to the Company. Mr. McCord is also a Director of Jones & Laughlin Steel Corporation and Pittsburgh Forgings Company. He is a trustee of Duquesne University Foundation.

5 CS
500 Pref A

* "CS" refers to Company's Common Stock.

"Pref A" refers to Company's Series A Preference Stock.

LEONARD P. POOL
1963



Chairman, Air Products and Chemicals, Inc.

Mr. Pool holds honorary degrees from Lehigh University, PMC College and Allegheny College. He has been associated with the industrial gas industry since 1927. Mr. Pool was founder of Air Products and Chemicals, Inc., and was its President from 1940 until 1966, when he became Chairman of the Board and Chief Executive Officer.

100 CS

FREDERIC N. SCHWARTZ
1967



*Chairman of the Executive Committee,
Bristol-Myers Company*

Mr. Schwartz was graduated from Syracuse University. In 1945 he joined the Bristol Laboratories of Bristol-Myers Company and served as its President from 1946 to 1958. He was President and chief executive officer of Bristol-Myers Company from 1958 to 1965, when he became Chairman of the Board and Chief Executive Officer. In January 1967, he became Chairman of the Executive Committee of that corporation.

500 CS

G. ALBERT SHOEMAKER
1968



Formerly President, Consolidation Coal Company

Mr. Shoemaker holds a B.S. degree in Mechanical Engineering from The Pennsylvania State University. In 1951, he became Vice President of Consolidation Coal Co. and during the following years served as Executive Vice President, Director and President, retiring as an officer of that company in 1966. From 1966 until 1968 he was Executive Advisor on coal matters to Continental Oil Company. Mr. Shoemaker is a Director of Dravo Corporation, Norfolk and Western Railway Company, Pittsburgh National Bank and is President of the Board of Trustees of Pennsylvania State University.

100 Pref A

LAURENCE C. WARD
1960



Executive Vice President, American-Standard

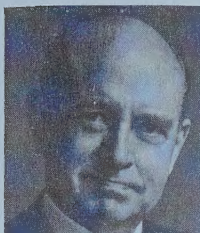
Mr. Ward is a graduate of Princeton University. He was associated with The Chase Manhattan Bank, Fidelity Union Trust Company and Thermoid Corp. before he joined the Company in 1954. He has served successively as Treasurer, Vice President, Finance and Executive Vice President of the Company. Mr. Ward is a Director of Clark Equipment Company and a Member of the Advisory Board of The Chase Manhattan Bank.

10,800 CS

* "CS" refers to Company's Common Stock.

"Pref A" refers to Company's Series A Preference Stock.

HENRY S. WINGATE
1955



Chairman, The International Nickel Company of Canada, Limited

Mr. Wingate graduated from Carleton College and in 1929 received his law degree from the University of Michigan. Since 1935 he has been associated with The International Nickel Company of Canada, Limited, serving successively as Assistant Secretary, Secretary, Vice President, President and Chairman. He is also a Director of Bank of Montreal, Canadian Pacific Railroad, United States Steel Corporation, Morgan Guaranty Trust Co. and J. P. Morgan & Company, Inc., and a Trustee of Seaman's Bank for Savings.

500 CS

HERBERT B. WOODMAN
1960



Chairman, Inmont Corp.

Mr. Woodman holds B.A. degrees from the University of Wyoming and Oxford University and attended Harvard Law School. After private practice of law with the firm of Cravath, deGersdorff, Swaine & Wood, he joined Interchemical Corporation (now Inmont Corp.) in 1936. He served successively as Secretary, Vice President, President and Chairman of that corporation. He is also a Trustee of Central Savings Bank in the City of New York.

100 CS

LESLIE B. WORTHINGTON
1968



Formerly President and Chief Administrative Officer, United States Steel Corporation

After receiving his B.S. degree from the University of Illinois in 1923, Mr. Worthington began his career with United States Steel Corporation. In 1959 he was elected President and Chief Administrative Officer and also a Director and Chairman of the Executive Committee of that corporation. He continues as Director and member of the Executive Committee of, but retired from his other positions at, United States Steel Corporation in June 1967. Mr. Worthington is also a Director of Mellon National Bank and Trust Company, The Greyhound Corporation, Williams Brothers Company and TRW, Inc.

200 CS
100 Pref A

* "CS" refers to Company's Common Stock.

"Pref A" refers to Company's Series A Preference Stock.

NOTE: Members of the Executive and Finance Committee of the Board of Directors are Messrs. Joseph A. Grazier (Chairman), A. King McCord (Vice Chairman), W. D. Eberle, John M. Kingsley, Frederic N. Schwartz, Laurence C. Ward, Henry S. Wingate, Herbert H. Woodman and Leslie B. Worthington.

REMUNERATION OF DIRECTORS AND OFFICERS

Set forth below is certain information (i) as to direct remuneration for services in all capacities, during the fiscal year ended December 31, 1969 on an accrual basis paid by the Company and its subsidiaries to each Director, and each of the three highest-paid officers, of the Company whose aggregate remuneration exceeded \$30,000 and to all its Directors and officers as a group, for the period for which they served as such; (ii) as to all pension or retirement benefits proposed to be paid to such persons, on the assumptions set forth in the footnote to such table; and (iii) as to estimated amounts set aside in 1969 under the Profit Sharing Plan. (See footnote (4) for discussion of Company's pension and retirement plans, generally).

Name of individual and capacity in which remuneration was received (1) (3)	Aggregate Remuneration 1969 (2)	Annual Retirement Benefits (4) (a)	Estimated Amounts Set Aside by the Company Under Profit Sharing Plan (4) (b)
W. D. Eberle, Director and President	\$ 160,000	\$24,731	\$15,523
James L. Briggs, Executive Vice President	95,000	25,297	8,536
Lawrence E. Walkley, Executive Vice President (5)	95,000	33,954	8,536
Laurence C. Ward, Director and Executive Vice President	92,000	29,288	8,213
Paul M. Augenstein, Director and Executive Vice President	92,000	27,217	8,213
A. King McCord, Chairman of Westinghouse Air Brake Company (a subsidiary), Director of the Company and Consultant (6)	44,000	(6)	—
Joseph A. Grazier, Director and Consultant (7)	41,450	(7)	—
29 Directors and officers as a group (8)	1,219,283	255,557	88,422

(1) No Director while an employee of the Company or a subsidiary receives any remuneration for services as a Director.

(2) Incentive compensation totalling about \$1,206,000 was awarded by the Company and its subsidiaries (excluding newly acquired companies functioning under prior plans) to about 340 key salaried employees for the year 1969. None of the above named officers received such payments. All directors and officers as a group received \$15,000, reflected in the table above. A plan, not yet determined upon, for incentive compensation for 1970 is expected to be submitted to the Board of Directors for approval later this year.

Not included in the table above are awards of 25,000 shares of "restricted stock" (common stock which may not be disposed of for a specific period of time) granted for 1969 pursuant to the Company's Deferred Compensation Incentive Plan approved by stockholders in 1968. Of this amount 17,000 shares were granted to all present officers as a group, of which 5,000 shares were granted to Mr. Briggs and none to any directors or other named officers and 8,000 shares to all other employees. The 1969 awards provide for forfeiture of shares in declining percentages if the recipient fails to remain in the Company's employ for five years.

(3) Total incentive awards for 1968, the first year in recent years for which a plan was adopted, amounted to \$1,843,921 and was made available to some 580 participating employees of the

Company and its subsidiaries. Messrs. Eberle, Ward, McCord, Briggs and Walkley received \$10,000, \$35,000, \$35,000, \$25,000, and \$8,000, respectively, in the form of cash bonus awards for 1968. All present officers and directors as a group received 1968 cash bonus awards of \$154,000. Messrs. Eberle, Augenstein and Walkley, respectively in lieu of all (or a portion in the case of Mr. Eberle and Mr. Walkley) cash bonus awards, were granted 1,269, 346 and 461 shares of "restricted stock" pursuant to the Company's Deferred Compensation Incentive Plan. All present officers and directors as a group received 3,253 shares of "restricted stock" and other employees 750 shares.

- (4) (a) The amounts shown are pension benefits attributable to employer contributions, estimated to be payable to each person for his life from normal retirement date (age 65) assuming continuation of the applicable pension plan and that each person (i) will continue to receive to normal retirement, remuneration at the annual rate reflected above, (ii) will then be qualified, as to employment status and otherwise, for pension benefits under the plan, (iii) will, if now a contributor, continue to participate and to contribute under the Retirement Plan for salaried employees until normal retirement and (iv) will not elect a joint and survivor annuity (which would, on an actuarial basis, reduce benefits to him but provide benefits to a surviving beneficiary). Restructured retirement benefits for the Company's salaried employees went into effect as of January 1, 1969 and as of that date pension benefits accrue only on compensation up to twice the so-called Social Security base (i.e., \$15,600 in 1969 and 1970).

(b) The amounts shown reflect sums set aside from the Company's contributions for 1969 under the Profit Sharing Plan. This Plan was instituted as of January 1, 1969 and provides benefits, in lieu of fixed-formula retirement benefits, with respect to annual compensation in excess of twice the Social Security base (i.e., in 1969 and 1970, in excess of \$15,600). Under the Plan, individual employee contributions to the extent of 2.5% of annual compensation in excess of the Social Security base are matched up to 60% by Company contributions (insofar as such contributions are made and are sufficient). Company contributions remaining after such matching contributions are proportionately allocated among the profit sharing accounts of all eligible employees (virtually all employees earning in excess of twice the Social Security base regardless of individual contributions). The annual amount of profit sharing contributions by the Company is within the discretion of the Board of Directors and was fixed for 1969 at 10% of compensation in excess of \$15,600 and amounted to approximately \$753,000.

The effect of the combined Retirement/Profit Sharing Plan is to make retirement benefits of higher-salaried personnel substantially dependent on the performance of the Company in future years and on the success of the Profit Sharing Plan investment program. Participants may elect to have their accounts (including voluntary contributions) invested either in stock of the Company or in a diversified stock portfolio.

Over the past five years the Company has had a number of retirement plans in effect for employees at its various domestic and foreign locations, including plans of companies acquired during the period. In general, most but not all retirement plans provide for the payment of pensions to all eligible employees who retire at or after age 65 or whose employment is terminated under prescribed conditions at earlier ages. The provision for pension and retirement expense made by the Company and its subsidiaries in 1969 was \$6,400,000 (including the profit sharing contribution shown above).

- (5) Mr. Walkley had an employment agreement with Westinghouse Air Brake Company at the time it became a subsidiary of American-Standard. Such contract which continues until July 31, 1974 provides for a salary of \$85,000 plus such other compensation as the Board of Directors may determine. Provision is made for disability compensation for a period not to exceed one year. The contract in addition provides that the total of all retirement benefits, including by prior employers, plus Social Security will not (on the basis of his current compensation) be less than \$42,750.
- (6) Mr. McCord retired as Chairman of Westinghouse Air Brake Company, a subsidiary, in April, 1969, but continues as a Director of American-Standard. In 1969 he received pen-

sion plan benefits, of which \$12,063 is attributable to Company contributions, under a joint and survivor pension election whereby his surviving beneficiary will receive a reduced benefit at his death. Pursuant to an employment agreement originally with Westinghouse Air Brake Company, Mr. McCord receives additional pension benefits which totalled \$10,592 in 1969. He is also retained as a consultant for which he is paid \$1,250 per month (included in table above).

(7) Mr. Grazier retired as Chairman of the Board of the Company in 1968 but continues as a Director. He is receiving annual pension benefits of \$38,430 (attributable to Company contributions) under a joint and survivor pension election whereby his surviving beneficiary will receive a reduced benefit at his death. Mr. Grazier also performs consulting services for the Company, for which he is paid \$3,000 per month (included in table above).

(8) (a) Amounts do not include remuneration or benefits to assistant officers.

(b) One officer included in the group had an employment contract with an employer at the time it was acquired by American-Standard. The contract which continues until December 31, 1974, provides a base salary of \$65,000 per annum (plus deferred amounts accruing monthly at the rate of \$32,500 per annum). These amounts (accruing since January 1, 1965) are payable over a period of time following the expiration of the contract or earlier termination. Special death and disability benefits are also provided. Additional amounts are payable for 60 months in the event of permanent disability. Such officer's life is insured under a so-called split dollar life insurance arrangement partially paid for by the employer. Upon the death of the officer, the premium costs to the employer will be repaid out of the insurance proceeds, with the balance payable to the officer's beneficiaries. The officer is also entitled to benefits under the employer's regular retirement benefit arrangements; the employer's portion of such benefits is reflected in the table above.

(9) The Company since 1967 has had in effect an Employee Stock Purchase Plan with an allocation of 750,000 shares of Common Stock authorized by the stockholders. The Plan, designed to comply with Section 423 of the Internal Revenue Code, permits all employees (other than those who hold stock options) to buy the Company's Common Stock from time to time through payroll deductions over a period of approximately two years. As of January 31, 1970, some 157,000 shares were subscribed for under the Plan and 105,000 shares had been purchased and issued. No present officers or directors are now eligible to participate in the Plan. An employee's outstanding subscriptions are limited to 15% of annual compensation. Subscription prices have all been at 100% of fair market value of the stock and may not be less than 95%. Until fully paid for an employee may terminate his subscription and receive a refund plus interest.

In 1969, the Company and its subsidiaries had substantial short and long term commercial loan transactions at prevailing terms with First National City Bank, of which Mr. Cutler, one of the Company's directors, is a Senior Vice President.

2. THE EMPLOYMENT OF ACCOUNTANTS

The Board of Directors proposes, in accordance with the recommendation of a committee of its members, none of whom is an officer of the Company, to continue the employment of Arthur Young & Company as independent Certified Public Ac-

countants to examine the financial statements of the Company and its subsidiaries for the year 1970 upon such terms as are fixed by the Board of Directors and specifically upon the understanding that a member of that firm in charge of its work for the Company shall attend the 1971 Annual Meeting of Stockholders. The Board of Directors recommends that such employment be approved by the stockholders. If the foregoing proposal is rejected or if Arthur Young & Company shall decline to act or otherwise become incapable of acting, or if their employment is otherwise discontinued, the Board of Directors will appoint other independent accountants whose employment for any period subsequent to the 1971 Annual Meeting of Stockholders shall be subject to approval by the stockholders at that meeting.

3. PROPOSED AMENDMENT TO THE CERTIFICATE OF INCORPORATION TO INCREASE THE AUTHORIZED COMMON STOCK

Management proposes the amendment of the Certificate of Incorporation to increase the authorized number of shares of Common Stock from 20,000,000 shares to 30,000,000 shares. As of February 19, 1970, 12,439,673 shares (exclusive of treasury shares) of Common Stock out of the 20,000,000 shares currently authorized were outstanding. Almost 5,600,000 shares of the remaining authorized but unissued common stock is reserved to cover conversion rights under outstanding Series A Preference Stock with additional shares allocated for stock options (including options on the Company's stock issued in substitution for outstanding options on shares of acquired companies) and under the Employee Stock Purchase Plan. The total of shares outstanding plus shares so reserved and allocated amounts to approximately 19,500,000 shares of Common Stock.

Accordingly, Management proposes an increase of 10,000,000 in the authorized number of shares of Common Stock in the expectation that 2,400,000 or more shares may be needed to cover the conversion feature of any shares of the authorized but unissued 900,000 shares of Preference Stock which may be issued in the future, and the remaining shares will be necessary for acquisitions and other corporate purposes over the next few years.

Management recommends a vote in favor of this proposed amendment to the Certificate of Incorporation. The affirmative vote of a majority of the outstanding shares of Common Stock and Series A Preference Stock, voting together, is required to adopt this proposal.

4. PROPOSED AMENDMENT TO THE CERTIFICATE OF DESIGNATION TO INCREASE SHARES OF SERIES A PREFERENCE STOCK

Concurrently with stockholders' approval in May, 1968 of the merger with Westinghouse Air Brake Company, the total number of shares of Preference Stock authorized for issuance at the discretion of the Board was increased to 3,000,000 shares, of which 2,100,000 shares were designated as Series A Preference Stock. On February 19, 1970 there were 2,080,515 shares (exclusive of treasury shares) of Series A Preference Stock outstanding. The Board is authorized to issue the remaining 900,000 shares of authorized but unissued Preference Stock with such designations and dividend, voting, conversion, redemption, liquidation and other rights and preferences as the Board may determine. In so doing the Board may designate a series of Preference Stock ranking on a parity with the Series A Preference Stock but may not designate these remaining shares as Series A Preference Stock without the consent of the holders of at least two-thirds of the outstanding shares of such Series. (See Appendix A for a summary description of the voting powers, rights and preferences of Series A Preference Stock).

Experience since the merger indicates that additional shares of a seasoned, listed security, with an established market, command more acceptance in negotiating acquisitions than shares of a new series carrying equivalent rights and preferences. Hence stockholders' approval is being sought to amend the Certificate of Designation (creating Series A Preference Stock) as set forth in Appendix B to permit the Board in its discretion to designate as Series A Preference Stock any of the remaining 900,000 shares of authorized Preference Stock.

At present, the Board is permitted to issue the authorized 900,000 shares as a new series with the same rights and preferences as Series A Preference Stock, but cannot designate such shares as Series A. The only effect on the present holders of Series A Preference Stock of allowing the Board to designate the additional shares as Series A is that shares so designated could vote along with the presently issued shares of that Series where specific vote of that Series is required. In general, such separate Series vote is required only on those limited matters involving amendments to the Certificate of Incorporation which adversely affect the rights and preferences of Series A Preference Stock. (See Appendix A, Summary Description of Series A Preference Stock—Voting Rights). The other rights of the present holders of the Series A Preference Stock are not altered and the effect on such holders or on the holders of Common Stock of the issuance of additional shares

of the Series would be comparable to the issuance of a new series ranking on a parity with the Series A Preference Stock.

Management recommends a vote in favor of the proposed amendment to the Certificate of Designation. The affirmative vote of two-thirds of the outstanding shares of Series A Preference Stock voting separately as a class and, in addition, the affirmative vote of a majority of the outstanding shares of Common Stock and Series A Preference Stock, voting together, are required to adopt this proposal.

The Company does not now have any agreement or plan to issue any Series A Preference Stock or Common Stock for which authorization is sought except as stated in this Proxy Statement.

Neither holders of Series A Preference Stock nor holders of Common Stock have preemptive rights with respect to the issuance of additional shares of Company stock. The Company's Certificate of Incorporation permits the Board of Directors to issue such additional authorized shares in its discretion without any further stockholder action.

5. PROPOSED AMENDMENTS TO STOCK OPTION PLAN

It is proposed that an additional 500,000 shares of Common Stock be allocated to the existing Stock Option Plan and that at the same time the Plan be amended to reduce the ceiling on shares which may be optioned to any single employee from 7½% to 5% of total shares allocated to the Plan. The Stock Option Plan was originally approved by stockholders in 1960 at which time 500,000 shares of Common Stock were allocated to the Plan. In 1969, stockholders approved the allocation of an additional 500,000 shares.

Encouraging employee ownership of American-Standard shares through stock options is a significant part of the Company's total compensation program, because it relates personal profit opportunities to improved corporate earnings and share market values. In recent years, rather than restrict grants under our Stock Option Plan to a few top executives, options have been granted to a substantial number of decision-making employees whose cumulative efforts greatly influence the success of our business. This is consistent with Management's efforts to extend responsibility for profitable operations to the lowest practical levels throughout the Company.

With the growth of the Company, shares allocated to the Plan by the stockholders have been virtually exhausted by the grants made in furtherance of this policy. The facts of the 1969 grants (not including options cancelled that year) are:

To enhance incentive among the Company's top executives for outstanding performance, and recognize increases in responsibilities of other key employees:

90,500 shares to 104 key executives; and 32,000 shares to 9 officers;

To motivate capable executives of recently acquired enterprises to identify themselves quickly as key employees of American-Standard, responsible to amalgamate operations they supervise into profit centers of the Company:

171,250 shares to 135 such employees;

To stimulate initiative and the incentive to increase profits among lower echelons of key employees:

168,520 shares to 194 such employees.

Management recommends that shares available for grant be replenished so grants can continue to be made for these purposes, because of its belief that the Plan has proved effective in attracting and retaining qualified personnel and has stimulated their performance. As an expression of the Company's policy of encouraging wide-spread distribution of stock options throughout the various levels of key personnel, Management is also proposing that the Plan now be amended to lower the ceiling on shares which be granted any employee from 7½% to 5% of total Plan shares.

It is intended that the Stock Option Plan will continue to meet requirements of the Internal Revenue Code as amended, and that all options granted under the Plan will continue to be "qualified" stock options as defined by Section 422 of the Code. The Board will continue to fix the option price at not less than 100% of the fair market value of the shares at the time of option grant. The Plan expires December 5, 1978. While the Company has no present plans to do so, the Board of Directors reserves the right to make future grants of non-qualified options for Common Stock not reserved under the Plan.

The Board Committee (consisting of Directors not eligible to participate) which administers the Plan recommends grants by the Board to key employees of the Company and its subsidiaries.

The Plan contains a usual anti-dilution clause to provide for adjustment of option price or number and kind of shares in the event of reorganization, recapitali-

zation or other change in the nature of the Company's Common Stock. Options cannot be exercised earlier than one year from the date of grant nor later than five years from such date. If an optionee ceases to be an employee (unless discharged for cause), his option for those shares purchasable on termination date may be exercised by him within three months thereafter (or by his estate within 9 months after his death).

Under the Internal Revenue Code neither the grant of the option nor its exercise will result in taxable income to the optionee (although the difference between market value at time of exercise and option price constitutes tax preference income, which under certain circumstances may be subject to a tax at a 10% rate), and the Company will not be entitled to any deduction for federal income tax purposes at either of these times. If, however, a disqualifying disposition is made of the shares acquired pursuant to the stock option (e.g., a sale of shares less than three years after acquisition) an employee realizes ordinary income on a portion of his gain and the Company will be entitled to a corresponding federal income tax deduction. If an employee sells the stock following the three year period, he will receive long-term capital gain treatment on the full amount of his gain.

Either authorized but unissued Common Stock or Common Stock held in the treasury may be used for the issuance of stock under the Plan.

Management recommends stockholder approval of the proposed amendments to the Stock Option Plan. The affirmative vote of a majority of the outstanding shares of Common Stock and Series A Preference Stock, voting together, is required to adopt this proposal. (For information concerning other compensation and benefit arrangements see "Remuneration for Directors and Officers" and accompanying footnotes, included elsewhere herein.)

STOCK OPTION DATA

The following tabulation shows as to certain Directors and officers and all present Directors and officers as a group (i) options for Common Stock granted since January 1, 1965 (including regrants of options for shares covered by terminated or expired option installments) under the Company's Stock Option Plan,⁽¹⁾ (ii) Common Shares acquired from January 1, 1965 to January 31, 1970 through the exercise of options granted under said Plan since January 1, 1965 or prior thereto, (iii) Common Shares sold during such period by such person or persons who exercised options under the Plan during such period, and (iv) shares subject to all unexercised options under the Plan held as of January 31, 1970.

COMMON SHARES

Granted—1/1/65 thru 1/31/70

Number of shares
Average per share option price

Exercised—1/1/65 thru 1/31/70

Number of shares
Aggregate option price of options exercised
Aggregate market value of shares on date options exercised

Sales—1/1/65 thru 1/31/70⁽²⁾

Number of shares
Unexercised at 1/31/70
Number of shares
Average per share option price

In addition, during the period other employees were granted options under the Company's Stock Option Plan for 736,750 Common Shares at an average option price per share of \$36.09. The closing price of the Company's Common Stock on the New York Stock Exchange on February 19, 1970 was \$28.75.

(1) The above table does not include options which, pursuant to agreement, were granted by the Company outside of its Stock Option Plan in substitution for outstanding options for shares of The Mosler Safe Company ("Mosler"), Westinghouse Air Brake Company ("WABCO") and Melpar Inc. ("Melpar") upon the acquisition of these companies. At the time of the acquisition of a majority of Mosler's capital stock in May, 1967, substitute options for a total of 125,866 shares of the Company's Common Stock were granted to then optionees under the Mosler stock option plans at an average per share option price of \$14.12, option prices being determined in accordance with the requirements of Section 425 of the Internal Revenue Code. Of this amount substitute options for 55,156 shares were received by all present officers and directors of the Company as a group having an average per share option price of \$14.45, of which

	W. D. Eberle	Laurence C. Ward	Joseph A. Grazier	Paul M. Augenstein	James L. Briggs	Lawrence E. Walkley	All Present Directors and Officers as a Group
	35,000	2,000	—0—	1,000	10,500	6,000	115,000
	\$21.79	\$26.00	—0—	\$26.00	\$30.94	\$46.50	\$37.12
	23,000	7,800	10,800	6,700	5,000	—0—	60,040
	\$398,000	\$125,830	\$158,004	\$102,175	\$ 72,210	—0—	\$961,892
	\$810,875	\$243,094	\$380,700	\$217,888	\$160,184	—0—	\$2,077,556
	—0—	—0—	9,300 ⁽³⁾	4,000	—0—	—0—	13,300 ⁽³⁾
	12,000	2,200	—0—	4,000	11,000	6,000	97,140
	\$30.38	\$22.02	—0—	\$17.94	\$30.11	\$46.50	\$33.20

47,050 shares have been purchased since May, 1967 through January 31, 1970 for an aggregate option price of \$640,801 and an aggregate market value of \$1,514,839 (determined as of the date such options were exercised), leaving 8,106 shares subject to such options with an average per share option price of \$19.28. Sales by such group during the period amounted to 22,694 shares of Common Stock. Melpar, more than 90% of the shares of which were owned by WABCO, was merged into the Company in June 1969. Substitute options for a total of 2,274 common shares were granted to the optionees under Melpar's option plan at an average per share option price of \$61.68. None of the recipients of substitute options issued in the Melpar merger are directors or officers of the Company and none of these substitute options have been exercised.

At the time of the merger of WABCO in June, 1968, substitute options for a total of 20,074 shares of the Company's Series A Preference Stock were granted to then optionees under the WABCO stock option plans at an average per share option price of \$66.37, option prices being determined in accordance with the requirements of Section 425 of the Internal Revenue Code. Of this amount, substitute options for 2,550 shares were received by all present officers and directors of the Company as a group at an average per share option price of \$71.88, of which 800 shares have been purchased since June, 1968 through January 31, 1970 for an aggregate option price of \$57,650 and with an aggregate market value of \$93,875 (determined as of the date such options were exercised), leaving 1,750 shares subject to such options. Mr. Walkley, who received an option for these 1,750 shares at an option price of \$71.80 per share and aggregate option price of \$125,650, has purchased none. No sales of Series A Preference Stock have been made during this period by any person included in such group who has made purchases pursuant to such substitute stock options.

No present director and none of the above named officers (other than Mr. Walkley) is a grantee of any substitute option.

(2) Sales by directors and officers who exercised options during the period January 1, 1965 to January 31, 1970.

(3) Does not include 1,290 shares of Common Stock sold by a trust of which Mr. Grazier is the income beneficiary.

6. PROPOSAL OF CERTAIN STOCKHOLDERS ON CUMULATIVE VOTING IN THE ELECTION OF DIRECTORS

Lewis D. Gilbert and John J. Gilbert of 1165 Park Avenue, New York, New York 10028, each of whom owns of record 24 shares, and who state that they represent an additional family interest of 50 shares of preferred stock, have given notice that they intend to present for action at the annual meeting, the following resolution:

"RESOLVED: That the stockholders of American Standard Inc., assembled in annual meeting in person and by proxy, hereby request the Board of Directors to take the steps necessary to provide for cumulative voting in the election of directors, which means each stockholder shall be entitled to as many votes as shall equal the number of shares he owns multiplied by the number of directors to be elected, and he may cast all of such votes for a single candidate, or any two or more of them as he may see fit."

Their reasons in support of the resolution are as follows :

“In 1965 4,041 owners of 482,483 shares voted in favor of our similar resolution.

“In 1968 American Standard acquired Westinghouse Air Brake and Melpar. The holders of the first company had the right of cumulative voting ; it should be restored and the stockholders of American Standard should have this right.

“Our President, Mr. Eberle, was a vice president of Boise Cascade which has cumulative voting.

“Among corporations recently putting cumulative voting into effect for the first time are Questor Corp., Pathe Industries, McCrory, Detroit Edison, Gambles Inc., Bunker Ramo, Standard International Corp. and Penn Central.”

THE COMPANY'S BOARD OF DIRECTORS RECOMMENDS A VOTE "AGAINST" THIS PROPOSAL.

Management believes that a Board of Directors must be kept an executive body able to act at all times from the viewpoint and on behalf of the entire corporate enterprise ; cumulative voting when used encourages factionalism and weakens the effectiveness of the Board and management, to the prejudice of the stockholders as a whole.

A substantially similar proposal was defeated at nine prior annual meetings, the last occasion being at the 1965 Annual Meeting, when 7,350,468 shares (almost 94% of those voting) voted against it. Management is of the opinion that the proposal should again be rejected.

7. PROPOSAL OF CERTAIN STOCKHOLDERS ON NEW STOCK OPTION PLANS

Messrs. Lewis and John Gilbert have also given notice that they intend to present the following resolution at the annual meeting :

“RESOLVED : That the stockholders of American Standard Inc., assembled in annual meeting in person and by proxy, hereby request that any new stock option plans be made subject to the following provisions :

- (a) That shares to be optioned will be optioned in yearly installments as nearly equal as possible, and that the right to purchase shares in each installment will not be cumulative and will expire to the extent not exercised during the applicable installment period;
- (b) That the aggregate purchase price of the shares covered by an option may not exceed in the aggregate 150% of an individual's annual cash compensation;
- (c) No options will be granted in any year to executives who are within 18 months of their automatic retirement date on March 31 of such year;
- (d) It shall be a negative factor in granting new options if an optionee has sold optioned stock to pay off a loan, enabling the optionee to pick up new options."

Their reasons in support of the resolution is as follows:

"Last year management asked for an increase in the number of shares available for options.

"We believe these safeguards, which we urge, are important in shareholders' equity since options dilute the equity and don't guaranty success for executives.

"If you agree, please mark your proxy FOR this resolution; otherwise it is automatically cast against it."

THE COMPANY'S BOARD OF DIRECTORS RECOMMENDS A VOTE "AGAINST" THIS PROPOSAL.

The Company's stock option program is designed to give employees greater incentive to increase Company earnings and thereby enhance the value of the Company's securities. The Company's policy has in fact stressed option grants to its qualified young executive employees and in recent years has not granted an option to an executive within a few years of his retirement. Management believes that certain features of this proposal, if adopted, would make our Plan significantly less attractive than plans maintained by most companies and would reduce the incentives and seriously handicap your Company in the competition for attracting and retaining the qualified personnel on whom our future growth and profits depend.

8. ANY OTHER MATTERS WHICH MAY COME BEFORE THE MEETING

The Management of the Company is not aware of any other matters to be presented for action at the meeting. However, if any such other matters are presented for action, it is the intention of the proxy holders named in the enclosed form of proxy to vote in accordance with their discretion on such matters.

By order of the Board of Directors,

DAVID A. DE WAHL
Secretary

March 6, 1970

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APPENDIX A

SUMMARY DESCRIPTION OF SERIES A PREFERENCE STOCK

Dividend Rights

The holders of the Series A Preference Stock are entitled to receive, when and as declared by the Board of Directors of the Company, cumulative dividends at the rate of \$4.75 per share, payable quarterly on March 24, June 24, September 24 and December 24. (The March 24 dividend is \$1.18 and the others are \$1.19.) Dividends for each quarter must be declared or paid before any sum is set aside for the purchase or redemption of common stock or other junior stock or, except through the operation of a mandatory sinking fund, stock ranking on a parity with the Series A Preference Stock and before any dividend (other than a dividend payable in common stock or other junior stock) may be declared or paid on, or other distribution made in respect of, common stock or other junior stock. The Series A Preference Stock ranks at least equally with any other series of Preference Stock in the payment of dividends. Holders of the Company's Preferred Stock, par value \$100, are entitled to receive preferential cumulative cash quarterly dividends at the rate of \$7 per annum per share and any deficiency must be fully provided for before any dividend or other distribution can be made on Preference Stock or common stock.

Certain lending arrangements of the Company restrict payment of dividends (other than dividends in its capital stock) or other distributions on, and the purchase, redemption or other acquisition of, its stock of any class except from an amount equal to (a) \$10,000,000 plus (or minus in case of a loss) Consolidated Net Earnings (as defined) of the Company and its consolidated subsidiaries for the period commencing on January 1, 1967 less (b) the total of all dividends and other distributions declared by the Company on any stock after December 31, 1966 and the excess of all expenditures after such date for the redemption, purchase or other acquisition of its stock over the proceeds of sale of any of its stock. At December 31, 1969 consolidated earned surplus aggregating approximately \$40,000,000 was free of such restrictions on payment of dividends on stock of any class.

Subject to the preferential rights of the senior classes and series, dividends may be paid on the common stock as declared by the Board of Directors out of funds available therefor.

Liquidation Rights

In the event of any liquidation, dissolution or winding up of the Company, then, before any distribution or payment is made upon the common stock or other junior stock, the holders of the Series A Preference Stock are, subject to preferential rights of the Preferred Stock, entitled to be paid in full the following amount: (a) upon voluntary liquidation, dissolution or winding up—if the distribution or payment date is on or prior to May 31, 1974, \$105 per share, and if the distribution or payment date is thereafter, an amount equal to the redemption price in effect on the distribution or payment date, together in each case with cumulated unpaid dividends to such date; and (b) upon involuntary liquidation, dissolution or winding up—an amount equal to \$73.20, together with cumulated unpaid dividends to the distribution or payment date. Series A Preference Stock ranks at least equally with any other series of Preference Stock in any distribution upon liquidation, dissolution or winding up.

The holders of the outstanding Preferred Stock are entitled to receive \$175 per share, plus accrued dividends, in the event of any voluntary or involuntary liquidation, dissolution or winding up, before any distribution to other stockholders. Holders of common stock receive pro rata all assets available for distribution after satisfaction of the prior rights of the holders of the Preference Stock and Preferred Stock.

Redemption

Shares of Series A Preference Stock are not redeemable prior to June 1, 1973. At any time or from time to time on or after that date Series A Preference Stock may be redeemed, as a whole or in part, upon 30 days' notice, at the option of the Company at the following redemption prices: \$105 per share on or prior to May 31, 1974; declining by \$1 on June 1, 1974 and on each succeeding June 1 until June 1, 1978; and \$100 per share on and after June 1, 1978; together in each case with cumulated unpaid dividends to the date fixed for redemption.

Conversion Rights

Series A Preference Stock is convertible into common stock of the Company at any time initially at the conversion price of \$37.50, based on a value of \$100 per share of Series A Preference Stock (equivalent to $2\frac{2}{3}$ shares of common stock for each share of Series A Preference Stock). Such conversion price is subject to

adjustment under a formula in certain events, including issuance of common stock for a consideration less than the conversion price, common stock dividends amounting to 5% or less of the outstanding shares, and other dividends not in cash out of earned surplus (with credit under the formula for sales of common stock above the conversion price) and is subject to automatic proportionate adjustment if the common stock is subdivided or combined or in the case of common stock dividends of more than 5%. No adjustment under the formula, however, is to be made until cumulative adjustments amount to forty cents (or such amount as adjusted) or in respect of the issuance of common stock upon conversion of Series A Preference Stock, or pursuant to any option, stock purchase, compensation, bonus or incentive or similar plans at any time approved by stockholders, or by reason of any transaction where a going business is at any time directly or indirectly acquired by the Company. Fractional shares of common stock are not to be issued upon conversion, but, in lieu thereof, the Company may issue scrip certificates or may pay a cash adjustment based upon market price. No adjustment for dividends is to be made upon conversion. The right to convert shares called for redemption terminates on the date fixed for redemption.

Voting Rights

Each holder of Series A Preference Stock has one vote in respect of each share held by him on each matter on which holders of common stock shall be entitled to vote, voting together with the common stock and not separately. Each holder of common stock has one vote for each share held.

However, if at any time, cumulated dividends on any series of Preference Stock, in an amount equivalent to six full quarterly dividends on all shares of such series of the Preference Stock at the time outstanding, shall not have been paid, or declared and a sum sufficient for the payment thereof set aside, then, the holders of Preference Stock voting separately as a class, without regard to series, will be entitled to elect two Directors and the holders of the common stock and classes and series (including Series A Preference Stock) voting with the common stock will be entitled to elect the remaining Directors.

The consent of the holders of at least two-thirds of Series A Preference Stock at the time outstanding are necessary, in general: (a) to amend, alter or repeal any of the provisions of the Certificate of Incorporation (including the Certificate of Designation establishing Series A Preference Stock) so as to affect adversely the voting powers, rights or preferences of Series A Preference Stock or reduce the

time for any notice to which the holders of such Stock may be entitled; or (b) to authorize, or increase the authorized amount of, any class of stock constituting, or which may constitute, stock ranking senior to Series A Preference Stock; or (c) to effect certain mergers or consolidations.

The consent of the holders of at least a majority of Series A Preference Stock at the time outstanding is necessary, in general, (a) to authorize, or increase the authorized amount of, any class of stock constituting, or which may constitute, stock ranking on a parity with the Series A Preference Stock or (b) to effect certain mergers or consolidations.

Non-Cumulative Voting

Holders of Series A Preference Stock and common stock do not have cumulative voting rights, which means that the holders of more than 50% of the shares of such stock voting for the election of directors can elect 100% of the directors, if they choose to do so, and in such event the holders of the remaining less than 50% of the shares voting for the election of directors will not be able to elect any person or persons to the Board of Directors.

APPENDIX B

PROPOSED AMENDMENTS TO PARAGRAPHS 1 AND 6 OF THE CERTIFICATE OF DESIGNATION (CREATING SERIES A PREFERENCE STOCK)

1. The designation of such series shall be "\$4.75 Cumulative Convertible Preference Stock, Series A" (hereinafter called "Series A Preference Stock"); the number of shares which shall constitute such series, shall be 2,100,000 shares; [and such number of such series may be increased, from time to time, to a maximum of 3,000,000 shares by designation by the Board of Directors in its discretion].*

6. So long as any shares of Series A Preference Stock are outstanding, in addition to any other vote or consent of stockholders required herein or by statute or law or other provision of the Certificate of Incorporation, the consent of the holders of at least sixty-six and two-thirds per cent of the Series A Preference Stock at the time outstanding, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose shall be necessary:

(a) To amend, alter or repeal any of the provisions of the Certificate of Incorporation (including, without limitation, the certificate of designation establishing the Series A Preference Stock) so as to affect adversely the voting powers, rights or preferences of the holders of the Series A Preference Stock or reduce the time for any notice to which the holders of the Series A Preference Stock may be entitled; provided however, that the amendment of the provisions of the Certificate of Incorporation so as to authorize or create, or to increase the authorized amount of, any junior stock or parity stock [or to increase the number of shares of Series A Preference Stock as permitted by this Certificate of Designation] shall not be deemed to affect adversely the voting powers, rights or preferences of the holders of Series A Preference Stock; or

* Bracketed portion represents proposed amendments.

American-Standard

1970

NOTICE OF ANNUAL MEETING
AND
PROXY STATEMENT